

Minutes of the Virtual Audit Committee Meeting Held at 4pm on 30 November 2021

Present: Bernie Collins, Ashley Cullen and Mark Pembleton (chair)

Apologies: Shahalam Ali

In Attendance: Richard Bott
Denise Cheng-Carter
Harriet Geyer
Paul Quigley
Paola Schweitzer
Karen Shaw
Maria Vetrone
Jo Wheeler

Mazars
Interim CFO
Mazars
Chair of Corporation
Director of Governance
Southern Internal Audit Partnership
CFO from 14 December 2021
Finance Director

Minutes

1 – Standing Items

- 001 **Attendance and Participation**
Shahalam Ali sent his apologies
- 002 **Declarations of Interest**
There were no declarations of interest.
- 003 **Minutes**
The minutes of the Highbury College Audit Committee meeting held on 21 June 2021 were **Agreed** as a correct record.
- 004 **Matters Arising**
Governors **Noted** that all Matters Arising had been completed.

Matters for Discussion/Decision

- 005 **Risk Management Process & Risk Register**

This item was considered at the Joint Audit Committee and Finance & Resources Committee meeting held directly before this meeting (Minute 010).
- 006 **Internal Audit Report - Apprenticeships**

Karen Shaw presented the internal audit report on apprenticeships carried out 2020/21 (paper 0057/21/A).

There had been significant change in this area meaning the audit had been delayed until April 2021. Seven apprenticeship areas had been sampled and reasonable assurance was given, with eight management identified (two medium priority and six low priority) all of which had been completed. Denise noted that one of the challenges was the complexity of ESFA funding rules which meant that apprentices had to be separated by start date to ensure the correct rules were applied.

Maria noted that out of funding apprenticeships would have cost implications for the College and asked if these costs had been quantified. Denise agreed that it was not a good place to be and the interim managing director had introduced processes to deal with the matter. Maria suggested the Committee might like to consider exploring this area in greater depth as her experience at NESOT, where she currently worked, had revealed issues with management accountability. Governors agreed this would be a useful exercise.

Governors **Noted** the internal audit report on Apprenticeships.

007 Internal Audit Annual Report 2020/21

Karen presented the internal audit annual report for 2020/21 (paper 0058/21/A).

Karen noted that a limited internal audit plan had been in place during the year due to the significant changes that were taking place within the College and so assurance had been sought from additional sources such as FE Commissioner visits and Corporation minutes. She noted that the College had travelled a huge distance in the last two years including changes in interim leadership and the merger. The auditors found that controls were in place and were being complied with and '*reasonable assurance can be placed on the governance, risk management and control framework now in place.*' However, the report noted that '*future assurance work will be needed to confirm that this is effectively sustained in the longer term and that appropriate frameworks are fully embedded across the newly merged organisation.*'

Governors **Noted** the Internal Audit Annual Report 2020/21.

008 Review of Outstanding Audit Recommendations

Denise presented paper 0059/21/A reviewing outstanding audit recommendations from previous internal audits.

There were 17 outstanding recommendations, colour coded to indicate *not yet due*, *overdue*, *partially completed* or *complete*. Eleven actions had been completed, with four *partially completed* and two *not yet due*. Actions would be carried forward into 2021/22 as necessary.

Maria asked if there were any risks arising to the College from the six *partially completed/not yet due* recommendations. Denise confirmed that none of the recommendations represented a risk

Governors **Noted** the Review of Outstanding Audit Recommendations.

009 External audit Report

Denise gave a verbal update on the ESFA funding audit for 2020/21 carried out by KPMG in the autumn term.

The audit was challenging as it came at a time when the College was managing an increased workload due to the merger. It took place over five days, with KPMG providing daily updates. The College had prioritised addressing actions with funding implications. The final letter and report had not yet been received but KPMG had confirmed that there would be no funding clawback. There were, however, likely to be several management points which would be addressed as appropriate. Maria congratulated the College on a good outcome. Richard confirmed that with this information, he would be able to close off Highbury College's financial statements. Mark thanked Denise and her team for her hard work.

010 Internal Audit Performance Indicators

Denise presented paper 0061/21/A concerning the performance indicators (PIs) for Southern Internal Audit Partnership for 2020/21. She confirmed that the PIs had been met. Governors **Noted** the internal audit PIs.

011 Financial Statements Audit Performance Indicators

Denise presented paper 0062/21/A concerning the PIs for Mazars for 2020/21. She confirmed that all PIs had either been achieved or were going to plan (the final sign off was being completed). Governors **Noted** the financial statements audit PIs.

Minutes 012 & 013 were commercial in confidence

014 Review of Register of Interests

Paola presented the annual review of the Register of Interests (paper 0063/21/A).

Governors completed a declaration of interests form on appointment and annually thereafter. These declarations formed the Register of Interests which Audit Committee reviewed annually. The Register has been completed by all governors for 2021/22 and there were no issues to report. A summary of the Register for publication on the College website was attached to the report. Paola stated that senior staff with significant financial responsibilities also completed an annual declaration of interest form. She had reviewed the 2021/22 declarations and advised the CEO and CFO that there were no significant issues to report. There was a discussion about staff declarations of interests, with Mark believing all staff should complete a declaration as part of their appraisal. Denise believed this would be onerous, It was agreed to limit the requirement to budget holders, but to review this in due course. Governors **Noted** the 2021/22 Register of Interests.

015 Annual Whistleblowing Report 2020/21

Paola presented the 2020/21 whistleblowing report (paper 0064/21/A).

Whistleblowing information was on the Highbury College/City of Portsmouth College governance webpage which contained a link to the Whistleblowing Policy, a dedicated email address, a link to the ESFA's whistleblowing procedures and an ESFA email address. There hadn't been any whistleblowing allegations at Portsmouth or Highbury Colleges in 2020/21. Richard noted that the whistleblowing information was very accessible as he had recently carried out a Google search and was taken directly to the correct page on the website. Governors **Noted** that there were no whistleblowing allegations in 2020/21 and that the Whistleblowing Policy would be reviewed as part of a broader review of College policies.

016 Committee Terms of Reference & Business Plan 2021/22

Paola presented paper 0066/21/A setting out the annual review of the Committee's terms of reference. The purpose was to reflect on activity in 2020/21 and ensure the terms were fit for purpose for 2021/22. Also appended to the report was the Committee's business plan. Bernie believed the terms of reference were very clear. Paola noted that Search & Governance Committee had, within their general governance remit, suggested amendments to the terms of reference and these would be brought to the Committee for consideration. Governors **Agreed** the Audit Committee's Terms of Reference and 2021/22 Business Plan.

017 Highbury College Audit Committee's Annual Report to Corporation

Mark presented Highbury College Audit Committee's Annual Report to Corporation (paper 0067/21/A).

The purpose of the report was to advise Corporation members and Chief Accounting Officer on the adequacy and effectiveness of the College's audit arrangements, its framework of governance and risk management and control. The report summarised the Committee's activities from 01 August 2020 to 31 July 2021, included a view of its own effectiveness and how it has fulfilled its Terms of Reference and its opinion on the adequacy and effectiveness of the College's audit arrangements, its framework of governance, risk management and control and its processes for securing economy, efficiency and effectiveness. The report concluded that the Corporation's assurance arrangements, framework of governance, risk management and control procedures for the effective and efficient use of resources, solvency and the safeguarding of assets were adequate and effective. Mark noted that the report would be updated following the meeting and would then be considered by Corporation on 07 December 2021 prior to the 2020/21 financial statements. It was agreed that Paola would include the outcome of the recent ESFA funding audit carried out by KPMG. Governors **Agreed** to recommend Highbury College's Audit Committee's Annual Report to Corporation.

018 Portsmouth College Audit Committee's Annual Report to Corporation

Jo Wheeler presented Portsmouth College Audit Committee's Annual Report to Corporation (paper 0068/21/A).

As with the Highbury College Audit Committee's Annual Report to Corporation, the purpose of this report was to advise Corporation members and the CEO as Chief Accounting Officer on the adequacy and effectiveness of the College's audit

arrangements, its framework of governance and risk management and control. Jo noted that the report had been written by the Clerk to the Corporation prior to the merger and had been circulated to all Portsmouth College governors for comment prior to the dissolution of the College. The report concluded that the Corporation's assurance arrangements, framework of governance, risk management and control procedures for the effective and efficient use of resources, solvency and the safeguarding of assets were adequate and effective. The report would be considered by Corporation on 07 December 2021 prior to consideration of Portsmouth College's 2020/21 financial statements. Governors **Agreed** to recommend Portsmouth College's Audit Committee's Annual Report to Corporation.

019 ESFA Letter to Chief Accounting Officers

Paola presented the ESFA letter to Chief Accounting Officers, noting that the letter had previously been appended to the CEO's report on 05 October 2021.

The letter set out the ESFA's expectations concerning good financial management and governance to inform the preparation of the 2020/21 accounts and beyond. These expectations had been assessed and RAG rated for the College. Denise noted that she had completed the CFO programme and Jo had attended this year, so the RAG rating could be changed to green. Governors **Noted** the College's compliance with the expectations identified in the ESFA letter.

020 Audit Committee Training & Development

Paola presented paper 0070/21/A setting out proposed training and development for the Committee.

Under the revised Joint Audit Code of Practice, the Committee was required to consider its training and development needs and carry out appropriate training to ensure their skills and knowledge were up to date. Data had been extrapolated from the Skills Audit completed for all City of Portsmouth College governors. It showed that collectively members had good audit knowledge/ experience, but risk management knowledge/experience was marginally weaker. Training had therefore been identified through the Education & Training Foundation's Governor Development Programme. Governors expressed their willingness to carry out training and agreed that the Governor Development Programme looked suitable. Denise suggested that the external and internal auditors could also support the Committee's training needs. Governors **Noted** the new training and development requirement and **Agreed** to undertake training in 2021/2.

Minutes 021 – 024 were confidential

Denise stated that this was her last Audit Committee meeting. She thanked governors for their support and wished the College all the best in the future. Mark thanked Denise for all her hard work.

The meeting ended at 6.55pm